

Suspend the Rules and Pass the Bill, H.R. 7338, with Amendments

(The amendments strike all after the enacting clause and insert a new text and a new title)

117TH CONGRESS
2^D SESSION

H. R. 7338

To require congressional notification prior to payments of Department of State rewards using cryptocurrencies, authorize the appointment of a Director of Digital Currency Security in the Office of Economic Sanctions Policy and Implementation of the Department of State, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 31, 2022

Mr. MEEKS (for himself and Mr. McCAUL) introduced the following bill; which was referred to the Committee on Foreign Affairs, and in addition to the Committee on Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To require congressional notification prior to payments of Department of State rewards using cryptocurrencies, authorize the appointment of a Director of Digital Currency Security in the Office of Economic Sanctions Policy and Implementation of the Department of State, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Russia Cryptocurrency
3 Transparency Act”.

4 **SEC. 2. FINDINGS.**

5 Congress finds the following:

6 (1) On February 24, 2022, the Government of
7 the Russian Federation, led by Vladimir Putin,
8 launched an unprovoked, full-scale invasion of
9 Ukraine.

10 (2) This unprovoked act of aggression violates
11 Ukraine’s right to independence, sovereignty, and
12 territorial integrity, and constitutes an emergency in
13 international relations.

14 (3) The invasion by the Government of the
15 Russian Federation of Ukraine caused significant
16 displacement in Ukraine and triggered a broader hu-
17 manitarian crisis in Europe.

18 (4) On March 23, 2022, the Department of
19 State released a statement assessing that the Rus-
20 sian Armed Forces committed war crimes by launch-
21 ing indiscriminate attacks on civilians and non-mili-
22 tary infrastructure, including apartment buildings,
23 schools, and hospitals, leaving thousands of innocent
24 civilians killed or wounded.

25 (5) The United Nations Office for Coordination
26 of Humanitarian Affairs has projected that, over the

1 next three months, 12,000,000 people living in
2 Ukraine will need humanitarian assistance,
3 6,700,000 people will be internally displaced, and
4 4,000,000 people will flee Ukraine.

5 (6) Rapid humanitarian assistance is necessary
6 across sectors to address the needs of refugees and
7 internally displaced persons from Ukraine.

8 (7) Cryptocurrency has been used as an effective
9 cross-border payment tool to send millions to
10 the Ukrainian Government, Ukrainian army, and
11 Ukrainian refugees with limited access to financial
12 services.

13 (8) In response to the war of aggression by the
14 Government of the Russian Federation, the United
15 States has imposed an array of sanctions, cutting off
16 major Russian financial institutions from Western
17 markets and freezing the assets of numerous Russian
18 oligarchs.

19 (9) Given that regimes sanctioned by the
20 United States have used cryptocurrencies to evade
21 sanctions, there are increasing concerns that these
22 digital assets may be used to circumvent the sanctions
23 now imposed on Russia and Belarus by the
24 United States and other foreign countries.

1 **SEC. 3. CONGRESSIONAL NOTIFICATIONS FOR STATE DE-**
2 **PARTMENT CRYPTOCURRENCY REWARDS.**

3 (a) CONGRESSIONAL NOTIFICATION.—Subsection (e)
4 of section 36 of the State Department Basic Authorities
5 Act of 1956 (22 U.S.C. 2708) is amended by adding at
6 the end the following new paragraph:

7 “(7) The Secretary of State shall notify the ap-
8 propriate congressional committees not later than 15
9 days before paying out a reward in cryptocurrency.”.

10 (b) REPORT.—Not later than 180 days after the date
11 of the enactment of this Act, the Secretary of State shall
12 submit to the appropriate congressional committees a re-
13 port on the use of cryptocurrency as a part of the Depart-
14 ment of State Rewards program that—

15 (1) explains why the Department of State made
16 the determination to pay out rewards in
17 cryptocurrency;

18 (2) lists each cryptocurrency payment already
19 provided by the State Department;

20 (3) provides evidence as to why cryptocurrency
21 payments would be more likely to induce whistle-
22 blowers to come forward with information than re-
23 wards paid out in United States dollars or other
24 prizes;

1 (4) analyzes how the State Department’s use of
2 cryptocurrency could undermine the dollar’s status
3 as the global reserve currency; and

4 (5) examines if the State Department’s use of
5 cryptocurrency could provide bad actors with addi-
6 tional hard-to-trace funds that could be used for
7 criminal or illicit purposes.

8 (c) APPROPRIATE COMMITTEES OF CONGRESS DE-
9 FINED.—In this section, the term “appropriate commit-
10 tees of Congress” means—

11 (1) the Committee on Foreign Affairs of the
12 House of Representatives;

13 (2) the Committee on Foreign Relations of the
14 Senate.

15 **SEC. 5. EFFECTIVENESS AND ENFORCEMENT OF SANC-**
16 **TIONS.**

17 (a) SENSE OF CONGRESS.—It is the sense of Con-
18 gress that—

19 (1) on March 9, 2022, President Biden issued
20 an Executive Order outlining a national policy to
21 mitigate the risks, and harness the potential benefits
22 of, digital assets and distributed ledger technology;

23 (2) the growing development and adoption of
24 digital assets have created an urgent need for the
25 United States to play a leading role in the global fi-

1 nancial system and facilitate technological innova-
2 tion;

3 (3) these developments have had significant im-
4 plications that pose risks to the financial stability
5 and national security interest of the United States,
6 including issues relating to privacy and surveillance;

7 (1) the United States Government must—

8 (A) ensure the efficacy and enforcement of
9 the United States' sanctions regime by pre-
10 venting the misuse of digital assets, which can
11 facilitate transactions by Russian persons sub-
12 ject to sanctions;

13 (B) mitigate national security liabilities
14 and systemic financial risks posed by the mis-
15 use of digital assets by developing policy rec-
16 ommendations and addressing existing regu-
17 latory gaps; and

18 (C) maintain technological leadership to
19 promote United States global competitiveness
20 and play a leading role in the global governance
21 of digital assets.

22 (b) REPORT.—

23 (1) IN GENERAL.—Not later than 180 days
24 after the date of the enactment of this Act, the Sec-
25 retary of the Treasury, in consultation with the Sec-

1 retary of State, shall submit a report to the appro-
2 priate congressional committees that provides an as-
3 sessment on how digital currencies affect the effec-
4 tiveness and enforcement of United States sanctions
5 against the Russian Federation and actors subject to
6 sanctions related to the Russian Federation's inva-
7 sion of Ukraine.

8 (2) MATTERS TO BE INCLUDED.—The report
9 under paragraph (1) shall—

10 (A) describe any efforts by the Russian
11 Federation or persons subject to sanctions re-
12 lated to the Russian Federation's invasion of
13 Ukraine to utilize digital assets to evade the
14 sanctions regimes of the United States and its
15 international allies and partners;

16 (B) describe any efforts by persons subject
17 to sanctions related to the Russian Federation's
18 invasion of Ukraine to use decentralized finance
19 technology or other similar technology to effect
20 transactions, including digital wallets, digital
21 asset trading platforms, and digital asset ex-
22 changes;

23 (C) assess how the use or adoption of dig-
24 ital currencies could undermine the national se-
25 curity interests of the United States and impact

1 the efficacy and enforcement of sanctions, , and
2 the enforcement of anti-money laundering pro-
3 visions;

4 (D) detail actions taken by the United
5 States government to work with private sector
6 actors to combat the evasion of sanctions im-
7 posed by the United States; and

8 (E) include recommendations for new legis-
9 lative and regulatory measures needed to
10 strengthen the United States Government's
11 ability to prevent any states, state-sponsored
12 actors, and non-state-sponsored actors from
13 using digital currencies to evade sanctions im-
14 posed by the United States Government.

15 (c) APPROPRIATE COMMITTEES OF CONGRESS DE-
16 FINED.—In this section, the term “appropriate commit-
17 tees of Congress” means—

18 (1) the Committee on Foreign Affairs of the
19 House of Representatives;

20 (2) the Committee on Financial Services of the
21 House of Representatives;

22 (3) the Committee on Foreign Relations of the
23 Senate; and

24 (4) the Committee on Banking, Housing, and
25 Urban Affairs of the Senate.

- 1 (d) REPORT FORM.—The report required under sub-
- 2 section (b) shall be submitted in unclassified form with
- 3 a classified annex, if necessary.

Amend the title so as to read: “A bill to require congressional notification prior to payments of Department of State rewards using cryptocurrencies, and for other purposes.”.